

SAMPLE VISITATIONS

OVERVIEW The following are sample visitation reports.

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Report of Visitation (Compliance)		12345
BANK NAME:	Bank of Anytown (Follow-Up)	
CITY, STATE:	Anytown, Any State	
EXAMINER(S):	K. J. Victory	
DATE OF VISITATION:	May 18, 19XX	
PURPOSE:	Refer to Scope	
TOTAL ASSETS:	\$85,146,306 as of May 1, 19XX	

COMMENTS:

SCOPE OF VISITATION

The scope consisted of a review of the institution's compliance with the outstanding Order to Cease and Desist (ORDER) effective November 28, 19XX. A limited review of certain consumer regulations and the institution's program as it relates to the specific provisions of the ORDER was performed.

SUMMARY OF VIOLATIONS

Detailed in this visitation report are violations of Truth in Savings, Flood Disaster Protection Act (Loans in Areas Having Special Flood Hazards) and Real Estate Settlement Procedures. Refer to the Significant Violations pages of this report for further details.

SIGNIFICANT VISITATION FINDINGS***Conformity to ORDER***

The institution has made a concentrated effort to meet all provisions of the outstanding ORDER. It is evident that the board of directors, including senior management, has improved efforts in the compliance area, however, weaknesses and/or exceptions to certain provisions of the ORDER are noted and detailed below.

Compliance Results

Significant improvement was noted with compliance, particularly in the loan area since the previous examination. Management has strived to implement corrective action on prior violations. Several violations noted at this visitation were also cited in the previous compliance examination; however, all were minor, easily correctable, and due to oversight. Senior management implemented corrective action for all the violations listed herein during the visitation. Adequate policies and procedures have been implemented to provide guidance to employees with compliance duties.

The board has also ensured that the Compliance Officer is provided sufficient resources to effectively carry out the compliance function. Specific training has also been provided where needed, including training deficiencies identified in internal audits.

Report of Visitation (Compliance) (Continued)	12345
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SIGNIFICANT VISITATION FINDINGS (Continued)***Other Matters***

President and Chief Executive Officer Felix J. Jones recently developed a Business Plan to guide the institution's overall compliance and CRA efforts through May 31, 19XX. The Business Plan is comprehensive and covers very specific compliance/CRA goals and objectives. It will be presented to the board for their approval in June 19XX.

MEETING WITH MANAGEMENT

On June 8, 19XX, Field Office Supervisor Tsoria S. Myfriend and Examiner K. J. Victory met with President Frank J. Jones; Chief Operations Officer David C. Mason; Senior Vice President (SVP), Comptroller, Compliance Officer and CRA Officer Saul L. Day; SVP Max K. Smith; Vice President/Residential Lending Donna Tarafa; and Assistant Vice President Eduardo Long to discuss the results of the visitation. In general, management agreed with the Examiner's findings and during the visitation indicated the institution's willingness to further improve the compliance posture. President Jones indicated concern regarding the repeat violations noted.

Examiner Victory indicated to President Jones that neither the compliance nor CRA findings would change based on the visitation results, but, that a full-scope review would be scheduled in approximately 6 months.

Was a Board Meeting Conducted?	YES		NO	X	
Hours	Visitation:	40	Travel:		8
Examiner Signature:					

Report of Visitation (Compliance) (Continued)**12345****COMPLIANCE WITH ORDER TO CEASE AND DESIST (ORDER)**

On November 4, 19XX, subject institution's board of directors entered into a Stipulation and Consent to the Issuance of an Order to Cease and Desist (ORDER) with the Federal Deposit Insurance Corporation. The effective date of the ORDER is November 28, 19XX. The provisions of the ORDER, including management's and/or the institution's adherence with, is detailed below.

- 1. Within 30 days from the effective date of this ORDER, the institution shall take all necessary steps, consistent with sound banking practices, to eliminate and/or correct all violations of consumer and civil rights laws and regulations committed by the Institution, as described on pages 1 through 1.a.3 and pages 2.1 through 2.a.15 of the FDIC's Compliance Report of Examination of the institution as of December 27, 19XX. In addition, the institution shall adopt appropriate procedures to ensure its future compliance with all applicable consumer and civil rights laws and regulations in accordance with the requirements of 2(b)(i) of this ORDER.**

Management has made a concerted effort to correct all violations identified in the prior compliance examination dated December 27, 19XX. Substantial improvement in overall compliance-related areas was noted. While only three repeat violations were noted, each was relatively minor and easily corrected. The repeat infractions were primarily caused by oversight. For example, the institution failed to add Tellme Tax Service Company to its list of required providers; consequently, information regarding that particular required provider was not disclosed as required. Corrective action for all violations was implemented during this visit. In addition, the institution operates with a comprehensive, written compliance program complete with detailed procedures. Refer to Provision 2(b)(i) below for further information.

- 2. (a) While this ORDER remains in effect, the institution shall have and/or retain a qualified senior compliance officer, who shall have the requisite training and experience to administer and manage the institution's compliance with all applicable consumer and civil rights laws and regulations. The senior compliance officer shall be provided the necessary written authority to implement the provisions of this ORDER and to ensure the institution's compliance with the requirements of this ORDER and with all applicable consumer and civil rights laws and regulations. As long as this ORDER remains in effect, the institution shall notify the Regional Manager of the FDIC's Any Regional Office ("Regional Manager") in writing of any termination of the service of the individual designated as the institution's senior compliance officer, as well as any replacement individual so designated in the future. The notification of the appointment of any new senior compliance officer shall be in addition to any application and prior approval requirements established by Section 32 of the Act, U.S.C. 1831i, and implementing regulations; and must include the name and qualifications of any individual designated as the institution's senior compliance officer.**

Report of Visitation (Compliance) (Continued)**12345****COMPLIANCE WITH ORDER (Continued)**

On June 1, 19XX, Saul L. Day was hired as Senior Vice President (SVP) and Comptroller. SVP Day was appointed and approved as the institution's CRA and Compliance Officer at the June 24, 19XX board meeting. Mr. Day's duties are inclusive of the following:

- (1) Overseeing subject institution's compliance and CRA programs
- (2) Ensuring the institution's adherence to the ORDER
- (3) Ensuring that institution personnel receive proper training
- (4) Ensuring that audits are conducted on a timely basis; and
- (5) Providing guidance to the institution's Compliance/CRA Committee.

SVP Day is a former FDIC Bank Examiner with experience in compliance and CRA issues. Subject institution has provided Mr. Day the necessary resources to adequately administer and manage the institution's compliance with applicable consumer and civil rights laws and regulations. SVP Day is supported by one full-time assistant. In addition, the board has furnished SVP Day written authority to implement all Provisions of the ORDER.

(b) To facilitate compliance with paragraph 2(a) of this ORDER, and to ensure the institution's future compliance with all applicable consumer and civil rights laws and regulations, the institution shall develop, within 60 days from the effective date of this ORDER, a comprehensive written compliance program ("compliance program"), which shall include, at a minimum:

(i) provisions to ensure compliance with and the periodic review of the requirements of all applicable consumer and civil rights laws and regulations;

The institution's written compliance program is comprised of distinct policy statements and several procedure manuals. The policy statements were created by SVP Day in January 19XX, and within the 60 day time limit set forth in the ORDER. The policies were reviewed in May 19XX, but not approved by the board [refer to Provision (2)(c) below for further details regarding board approval]. The policy statements are comprehensive and mirror Provisions 2(b)(i) through 2(b)(iv) below.

The procedure manuals were developed by the institution's outside compliance consultant, Wizard Financial Consultants, Inc. (WFC), and were approved by the board in July 19XX. The manuals include procedures to ensure compliance with applicable rules and regulations, including a general overview of each regulation, compliance objectives, procedures to implement approved policies, and sample forms for all applicable consumer and civil rights laws and regulations. The manuals are readily accessible to all employees with compliance responsibilities.

The compliance program provides for periodic audits of all applicable regulations, conducted primarily by in-house staff under the supervision of the compliance officer. WFC's services will be utilized from time-to-time for specific purpose audits on certain regulations. Since the previous examination, all noted deficient compliance areas were audited in-house. Where problem areas were identified, the institution provided training, and/or implemented procedures to ensure against repeat violations.

COMPLIANCE WITH ORDER (Continued)

(ii) a requirement that the senior compliance officer report at least quarterly to the board of directors regarding his/her administration of the institution's compliance program and the institution's compliance with all applicable consumer and civil rights laws and regulations;

The compliance officer reports monthly to the board. Reports are in writing and generally include a review of the institution's conformity to applicable laws and regulations, compliance with the outstanding ORDER, and the results of audits and training.

(iii) an evaluation of each current institution officer and compliance staff member to determine whether these individuals possess the ability, experience, training and other qualifications required to perform present and anticipated compliance duties, including adherence to the institution's compliance program; and

The institution's compliance policy statements provides for the evaluation of each officer and staff member with compliance responsibilities, including specific information regarding individual background and training experience. Where past training and/or experience was deficient, in-house training was provided.

(iv) the establishment of a regular, ongoing training program for the senior compliance officer and all other institution officers and staff members with present or anticipated compliance duties and responsibilities, to ensure that they have and maintain the knowledge and ability necessary to perform their compliance duties.

The aforementioned compliance procedures manuals serve as the institution's primary source of ongoing training and guidance for all employees with compliance responsibilities. The compliance manuals are comprehensive and available to all applicable employees. In addition, in-house education sessions, combined with attendance at local compliance conferences and/or seminars, supplement the institution's training efforts. Since the last examination, applicable employees have received training in those areas previously identified as problems.

(c) The written compliance program and any subsequent modification thereto shall be submitted to the Regional Manager for review and comment. No more than 30 days from the receipt of any comment from the Regional Manager, and after consideration of such comment, the board of directors shall approve the written compliance program and/or any subsequent modification thereto, which approval shall be recorded in the minutes of the board of directors. Thereafter, the institution and its successors and assigns shall implement and follow the written compliance program and/or any subsequent modification thereto.

The institution's compliance policy statements were submitted to the appropriate Regional Manager, no more than 30 days after the receipt. To date, the institution has received no response from the Regional Manager regarding its policies. As such, the policy statements, although reviewed by the institution's board, have not yet been approved. The institution nevertheless has adequately implemented said policies as mandated by the ORDER.

COMPLIANCE WITH ORDER (Continued)

3. **Following the effective date of this ORDER, the institution shall send to its shareholders or otherwise furnish a description of this ORDER (a) in conjunction with the institution's next shareholder communication and also (b) in conjunction with its notice or proxy statement preceding the institution's next shareholder meeting. The description shall fully describe the ORDER in all material respects. The description and any accompanying communication, statement or notice shall be sent to the FDIC, Registration and Disclosure Section, 550 17th Street, N.W., Washington, D.C. 20429, for review at least 20 days prior to dissemination to shareholders. Any changes requested to be made by the FDIC shall be made prior to dissemination of the description, communication, notice or statement.**

Since all voting shares are owned by three brothers, each of whom is a director of the institution, and each of whom signed a Stipulation and Consent to the Issuance of the ORDER, it was deemed not necessary to prepare and provide a summary of the ORDER. These facts were sent by the institution's attorney, in letter form, to Mr. Larry H. Benson, FDIC Securities Activities Officer, in Washington on June 2, 19XX.

4. **Within 90 days from the effective date of this ORDER, and within 15 days after the end of each calendar quarter thereafter while this ORDER remains in effect, the institution shall furnish written progress reports to the Regional Manager detailing the form and manner of any actions taken to secure compliance with this ORDER and the results thereof. Such reports may be discontinued when the corrections required by this ORDER have been accomplished and the Regional Manager has released the institution in writing from making further reports. All progress reports and other written responses to this ORDER shall be reviewed by the board of directors of the Institution and made a part of the minutes of the appropriate board meeting.**

As required by the ORDER, the institution submitted progress reports dated February 24, 19XX and April 10, 19XX. Both were reviewed by the board and made a part of the meeting minutes.

5. **The provisions of this ORDER shall become effective ten (10) days from the date of its issuance and shall be binding upon the institution, its institution-affiliated parties, and its successors and assigns. The provision of this ORDER shall remain effective and enforceable except to the extent that, and until such time as, any provision of this ORDER shall have been modified, terminated, suspended, or set aside by the FDIC.**

The ORDER was effective November 28, 19XX and remains in force.

Significant Violations	12345
The Significant Violations Page includes those violations that are recurrent, system-wide, willful or especially serious. Individually or collectively these violations represent concern and require immediate corrective action by the financial institution.	

SUBSTANTIVE VIOLATIONS

A critical violation, act, or omission that interferes with the fundamental purpose of the relevant law or regulation in relation to the institution.

REAL ESTATE SETTLEMENT PROCEDURES

Section 3500.7(e)(1)(i) of Regulation X of the Department of Housing and Urban Development requires the lender to clearly indicate which estimated charge is to be imposed by each designated provider when a financial institution requires that a particular provider be used and the borrower is required to pay for any portion of the cost. [131201]

Section 3500.7(e)(1)(ii) of Regulation X of the Department of Housing and Urban Development requires the lender to give the name, address and telephone number of each lender-designated provider. [131501]

Section 3500.7(e)(1)(iii) of Regulation X of the Department of Housing and Urban Development requires the lender to describe the nature of any relationship between each provider and the lender. [131801]

Of the six loans reviewed subject to RESPA, all six failed to properly disclose that Tellme Tax Service is a lender-designated provider, and thus did not include the address, telephone number, and nature of the relationship between the provider and subject financial institution. These represent system-wide infractions and are repeat violations from the previous examination dated December 27, 19XX. The following are examples.

<u>Name</u>	<u>Note #</u>	<u>Date</u>	<u>Amount</u>
Nelson, Carl	12345	04-11-XX	93,800
Kissme, Alan	23456	03-24-XX	60,000
Wilson, Fred	34567	03-20-XX	34,400

The financial institution provides a listing to all consumers of its required providers as required by the regulation. However, Tellme Tax Service, due to an oversight, was inadvertently not added to the list. Vice President (VP) Donna Tarafa corrected the required provider listing during the visitation.

Section 3500.8(b) of Regulation X of the Department of Housing and Urban Development requires the settlement agent to complete the HUD-1 or HUD-1A in accordance with the instruction set forth in Appendix A. [132401]

Of the six loans reviewed subject to RESPA, the HUD-1 settlement statement for two loans failed to properly disclose the ultimate receiver of service fees as required by Appendix A of the Regulation due to clerical error. A violation of a similar nature was identified at the previous examination dated December 27, 19XX. Examples follow on the next page.

SIGNIFICANT VIOLATIONS (Continued)

12345

REAL ESTATE SETTLEMENT PROCEDURES (Continued)

<u>Name</u>	<u>Note #</u>	<u>Date</u>	<u>Amount</u>
Nelson, Carl	12345	04-11-XX	93,800
Bridges, Lorenza	98989	05-31-XX	49,600

VP Tarafa implemented corrective action during the visitation.

Section 3500.21(b)(3)(i) of Regulation X of the Department of Housing and Urban Development requires that the disclosure statement provide information on whether the servicing of the loan may be transferred, sold or assigned at any time it is outstanding. [144501]

Of the six loans reviewed subject to RESPA, one failed to accurately disclose whether the loan may be transferred, sold or assigned. The institution incorrectly marked two choices on the form, thereby making the institution's intentions unclear regarding servicing.

<u>Name</u>	<u>Note #</u>	<u>Date</u>	<u>Amount</u>
Kissme, Alan	23456	03-24-XX	60,000

VP Donna Tarafa implemented corrective action during the visitation.

LOANS IN AREAS HAVING SPECIAL FLOOD HAZARDS

Section 339.3 of FDIC regulations prohibits a financial institution from making, increasing, extending, or renewing a loan secured by improved real estate or a mobile home located in a designated flood hazard area of a community which is participating in the National Flood Insurance Program when the underlying security is not covered by flood insurance.[150503]

From a sample of five applicable loans, in two instances the institution failed to require flood insurance. A violation of a similar nature was noted at the previous examination dated December 27, 19XX.

<u>Name</u>	<u>Note #</u>	<u>Date</u>	<u>Amount</u>
Nelson, Carl	12345	04-11-XX	93,800
Bridges, Lorenza	98989	05-31-XX	49,600

Corrective action was implemented during the visitation.

Significant Violations (Continued)	12345
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TRUTH IN SAVINGS

Section 230.5(b)(1) of Regulation DD requires that, if maturity of a time account is longer than a month and automatically renewable, a notice must be mailed or delivered at least 30 calendar days before maturity or 20 calendar days before the end of a grace period (if it allows at least five calendar days of grace). If maturity is longer than one year, the disclosures under 230.4(b) and the date the account matures must be provided. If the interest rate and annual percentage yield for the new account are unknown, the notice must state the date these will be determined and a telephone number to obtain this information. [165501]

A review of three maturity notices for time deposits that are automatically renewable, and have a maturity greater than one year failed to include disclosures required under 230.4(b). According to Chief Operations Officer Mason, the disclosures required under Section 230.4(b) are provided to the consumer only when the time deposit is renewed; the disclosures are not provided at least thirty days before maturity as required by the regulation.

<u>Name</u>	<u>Account #</u>	<u>Date</u>	<u>Amount</u>
Jordan, John	88888	03-01-XX	25,000
Young, Bridget	78787	07-01-XX	5,000
Rains, Anthony	12343	05-31-XX	2,000

A computer report is now provided that identifies each account subject to renewal. The report is generated at least 40 days prior to renewal and it is furnished to Mr. Mason daily.

COMPLIANCE - SUPERVISORY SECTION					12345	
BANK NAME Bank of Anytown (Follow-up)						
CITY Anytown			STATE Any State		TOTAL ASSETS (000s) 85,146	
REGION Any Region	FIELD OFFICE Any town		NO. OF OFFICES 1		OFFICES EXAMINED 1	
CURRENT EXAMINATION DATE 5/18/XX	EXAMINATION STARTED TIME DATE 10:30AM 5/18/XX		EXAMINATION COMPLETED TIME DATE 4:45PM 5/27/96		LAST COMPLIANCE EXAMINATION DATE 12/27/XX	
RATINGS:						
CURRENT COMPLIANCE *			LAST COMPLIANCE 4			
CURRENT CRA *			LAST CRA Substantial Noncompliance			
WORKING HOURS			GG	IN	OUT	TOTAL
EXAMINER-IN-CHARGE:		Victory, K. J.		11	40	40
OTHER EXAMINATION STAFF:						0
						0
						0
						0
						0
TOTAL HOURS				40	0	40

COMMENTS

* This was a visitation to review the financial institution's compliance with the outstanding Order to Cease and Desist. Therefore, no ratings are assigned.

GENERAL INFORMATION

Control of the financial institution is unchanged since the last compliance examination with the three Painter brothers, Chairman F. James Painter, Vice Chairman Nelson Painter, and Director Nicky Painter, collectively owning 100% of the financial institution's outstanding voting shares. Changes in the directorate since the previous examination involve the resignation of President and Director Evan Bright. Frank J. Jones was hired as president effective May 8, 19XX. Additions/changes to senior management include the following:

- (1) Former FDIC Examiner Saul L. Day joined subject institution as Senior Vice President (SVP) and Comptroller on June 1, 19XX. On June 24, 19XX, the board of directors approved SVP Day as the financial institution's Compliance and Community Reinvestment Act (CRA) Officer replacing SVP Max K. Smith. Mr. Smith now serves as the institution's Internal Auditor.

Compliance - Supervisory Section (Continued)**12345**

- (2) Cleche Bourban joined the institution on July 11, 19XX as Vice President (VP) and Credit Policy Officer;
- (3) Maria Rich joined the institution August 29, 19XX as SVP and Treasurer;
- (4) David C. Mason joined the institution September 29, 19XX and serves as the institution's Chief Operations Officer.

No other changes were noted.

COMMENTS AND CONCLUSIONS

Subject institution has made significant improvements in the compliance area as few violations were noted, particularly in the loan area. Citations of different types of violations have declined from 43 at the prior exam to 7 at this visitation. Repeat violations were very minor and easily correctable. All violations were corrected during the visitation. It is evident that the adoption of compliance procedures in July 19XX, supplemented by numerous training sessions, has helped the institution reduce the number and type of violations.

Further, President Jones brings to the institution some 20 years of commercial and residential lending, compliance, internal control, commercial, and investment experience. Discussions with Mr. Jones revealed a desire to bring about improvement in the institution's overall compliance posture. President Jones developed a Business Plan to improve its compliance and CRA performance. The Business Plan is comprehensive and includes specific goals and objectives, within safe and sound principles.

OTHER MATTERS

Based on the findings of this visitation, a full scope examination should be scheduled in approximately 6 months.

EXAMINATION FREQUENCY

President Jones stated that he prefers concurrent examinations.

REPORT OF VISITATION (Compliance)		99999
BANK NAME:	New Bank Charter Bank	
CITY, STATE:	Newtown, Newstate	
EXAMINER(S):	Taylor, Happy	
DATE OF VISITATION:	February 6, 19XX	
PURPOSE:	To conduct a visitation after the institution changed their charter effective October 1, 19XX. Refer to scope below.	
TOTAL ASSETS:	\$101,875,458 as of February 1, 19XX	

SCOPE OF VISITATION

The visitation involved reviewing the adequacy of the institution's forms and disclosure statements, internal controls, policies and procedures, training, and auditing. The visitation also included a limited review of the institution's conformity with applicable rules and regulations, including a brief overview of the institution's performance under the Community Reinvestment Act. Ratings are not assigned as a result of a Visitation.

VISITATION FINDINGS

This visitation report includes a system-wide violation of Part 339 of the FDIC Rules and Regulations concerning flood insurance requirements and two isolated violations of other regulations. Violations are attributed to clerical error.

COMPLIANCE PROGRAM DEFICIENCIES

The institution operates with a written compliance program that briefly outlines each applicable regulation and includes a delegation of responsibility for each section. However, the program lacks training and auditing considerations. Although violations were limited, maintaining complete policies and procedures is a critical element of an overall effective compliance program.

Guidance regarding specific compliance policies and procedures, including disclosure forms, is provided by the institution's holding company. The institution's holding company is a \$120 billion entity that maintains a large legal and compliance staff that routinely provides each of its affiliate institutions with the necessary tools to remain in compliance with all rules and regulations.

COMMUNITY REINVESTMENT ACT (CRA)

The institution's performance with regard to CRA was reviewed using the large institution examination procedures. Although assets total less than \$250,000,000, this institution is subject to the CRA large institution requirements and examination procedures as the institution's holding company, Little Large Bank Holding Corporation, owns 100 percent of this institution's stock, and has total assets of approximately \$120 billion.

REPORT OF VISITATION (COMPLIANCE) (Cont.)

99999

COMMUNITY REINVESTMENT ACT (CRA) (continued)

Overall, the institution's CRA performance is adequate. A summary of the institution's performance under the five performance categories follows. This institution emphasizes private banking and trust services. Lending performance demonstrates good responsiveness to credit needs in the assessment area with a 76 percent average loan-to-deposit ratio. Credit products offered and extended include consumer-type loans: home equity lines of credit (\$14,494,000 or 14.2 percent of total assets) and manufactured housing loans (\$9,095,000 or 8.9 percent of total assets). Residential purchase type loans, including construction and land development are not offered by this institution; however, these type loan products are routinely purchased from the institution's mortgage company affiliate operating in the nearby communities of Pluto, Mars, and Neptune. Purchased loans totaling \$44,910,000 (44 percent of total assets) were noted as of February 1, 19XX.

Sixty-three percent of outstanding loans are inside the delineated community area. Distribution of loans to individuals of different income levels is reasonable and loans are extended to all income levels represented in the community. The institution encourages flexible underwriting, particularly regarding purchased mortgage loans under the Community Homebuyer's Loan Program. Home improvement loans as low as \$500 are offered and extended, and, the loan policy requires loan officers to consider a borrower's utility, rent, and insurance payments when the customer's credit history is limited. Approximately 10 percent of the institution's consumer loans are under \$5,000. There was no evidence of discrimination. The institution's participation in community development is evidenced by the origination of an 11 percent participation (\$100,000) in a loan for the construction of a living facility for the homeless in nearby Mars.

MEETING WITH MANAGEMENT

A meeting was held on February 9, 19XX to discuss the findings of the visitation and to provide recommendations. In addition, detailed information regarding a institution's responsibilities under the revised CRA for large institutions was provided. President Roger G. Rogers, Vice President Sue Cone, and Examiner Happy Taylor were in attendance. Management was receptive to the visitation findings and indicated their willingness to comply with all laws and regulations. Management was informed that a full scope examination would most likely commence in approximately six months.

Was a Board Meeting Conducted?	YES		NO	X	
Hours	Visitation:	35	Travel:	7	
Examiner Signature:					

Significant Violations	99999
The Significant Violations Page includes those violations that are recurrent, system-wide, willful or especially serious. Individually or collectively these violations represent concern and require immediate corrective action by the financial institution.	

SUBSTANTIVE VIOLATIONS

A critical violation, act, or omission that interferes with the fundamental purpose of the relevant law or regulation in relation to the institution.

None

OTHER SIGNIFICANT VIOLATIONS

A violation, act, or omission, though not substantive, that interferes with the fundamental purpose of the relevant law or regulation in relation to the institution.

TRUTH IN LENDING

From a total sample of three open-end credits and six closed-end credits, none contained reimbursable violations, and two contained nonreimbursable violations.

LOANS IN AREAS HAVING SPECIAL FLOOD HAZARDS

Section 339.6 of FDIC regulations requires a financial institution to furnish a written notice to the borrower when making, increasing, extending, or renewing a loan secured by improved real estate or a mobile home located or to be located in a designated flood hazard area. [150501]

A review of residential loans, which are originated by the institution's mortgage company affiliate and are subsequently purchased by subject institution, revealed that the flood notice provided to the borrower fails to contain the community's name. This violation represents a system-wide forms violation.

<u>Name</u>	<u>Note #</u>	<u>Date</u>	<u>Amount</u>
Williams, Joe	89898	01-01-XX	98,989
Saxon, Sara	67676	02-02-XX	67,890
Banks, Sam	34545	03-03-XX	23,234

Mortgage Division Vice President (VP) Jerry L. Jackson indicated that the flood form used by the institution's mortgage originators was recently provided by the institution's holding company; and any changes to the form would have to be provided by the holding company. VP Jackson notified the holding company of the problem.

Other Violations		99999
Violations cited below are infrequent, sporadic or irregular deficiencies. These violations neither individually nor collectively represent serious concern for the financial institution but require corrective action where appropriate.		
IDENTIFICATION OF TRANSACTION OR EVENT	SECTION AND DESCRIPTION OF VIOLATION	

TRUTH IN LENDING

Bade, Sue	226.18(m)
85,000; 04-26-19XX	Interest in property acquired with loan proceeds was not properly disclosed. Error was due to oversight. [085901]

FAIR CREDIT REPORTING

Phillips, Lee and Joyce	615(a)
Denial; 08-10-19XX	Applicants were not advised that information obtained from a credit report contributed to the denial. This exception appears to be attributable to an oversight. [111301]

COMPLIANCE - SUPERVISORY SECTION					99999	
BANK NAME New Bank Charter Bank						
CITY Anytown			STATE Any State		TOTAL ASSETS (000s) 101,875	
REGION Any Region	FIELD OFFICE Any town		NO. OF OFFICES 7		OFFICES EXAMINED 1	
CURRENT EXAMINATION DATE 2/6/XX	EXAMINATION STARTED TIME DATE 8:30AM 2/6/XX		EXAMINATION COMPLETED TIME DATE 5:00PM 2/13/XX		LAST COMPLIANCE EXAMINATION DATE *	
RATINGS:						
CURRENT COMPLIANCE *			LAST COMPLIANCE *			
CURRENT CRA *			LAST CRA *			
WORKING HOURS			GG	IN	OUT	TOTAL
EXAMINER-IN-CHARGE:			Taylor, Happy		12	27
OTHER EXAMINATION STAFF:					8	35
						0
						0
						0
						0
						0
TOTAL HOURS					27	8

COMMENTS

* This report represents a new financial institution visitation. Subject institution changed its charter from a Federal Savings Bank (FSB) to a state nonmember institution effective October 1, 19XX. Accordingly, no ratings are assigned.

General Information

Prior to November 30, 19XX, subject institution was 100 percent owned by a \$50 billion bank holding company known as Little Bank Holding Corporation (LBHC). LBHC was comprised of several banking entities, including other banking-related businesses in Thisstate, Thatstate, Yourstate, and Mystate. LBHC maintained hundreds of branches throughout the South. Subject institution was the only FSB charter in the group. For consistency reason, LBHC changed subject institution's charter to a state nonmember.

Compliance - Supervisory Section (Continued)**99999****General Information (continued)**

Effective November 30, 19XX, LBHC and First Bancorp merged and created Little Large Bank Holding Corporation (LLBHC). Consolidation of these two corporations created the sixth largest banking entity in the United States with over \$120 billion in assets and over 700 branches throughout the South. In addition, LLBHC maintains banking-related entities, including credit card operations (fourth largest issuer in the United States), Edge Act banks, mortgage companies, and insurance companies worldwide. LLBHC has over 300 million shares outstanding with no single individual owning more than five percent.

The current board is comprised of the following individuals: President and Chief Executive Officer (CEO) Roger G. Rogers; Vice President John D. Downs, Mytown State Bank, Mars; Vice President Fred H. Bowlin; Executive Vice President Dina Miller; and Vice President Richard L. Baker.

New Bank Charter Bank is headed by President and CEO Roger G. Rogers. President Rogers has some 30 years banking experience with approximately 6 years experience in Anystate's West Coast market. He is supported by an experienced staff that includes Mortgage Division Vice President Beth Kelderhouse, Compliance Officer Suzy Rodrigues, CRA Officer Army C. Welch, Consumer Lending Manager Greg Oertling, and Financial Officer Dorothy I. Grant. All are knowledgeable of consumer regulations.

Compliance efforts have been delegated as follows: consumer loan department – Greg Oertling; operations department (deposits) – Financial Officer Grant; residential loan department (mortgage company affiliate) – Beth Kelderhouse; and CRA section – Compliance Officer Rodrigues. Local training and auditing functions will be assigned to Compliance Officer Rodrigues. Each of these individuals has substantial experience in their particular areas and all have been with the institution for over five years.

Much of the institution's compliance efforts, including CRA, are well supported by the institution's holding company. All disclosure forms and regulation guidance originates from the holding company's compliance and legal departments. Training and auditing, although informal, are typically provided or instituted by the holding company.

Examination Frequency

President Rogers stated that he prefers separate examinations.